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SUBJECT: CANADIAN PRIME MINISTER VISIT TO CHINA POSITIVE,
DESPITE MEDIA CHATTER

REF: OTTAWA 00861

Classified By: Acting Political Minister Counselor Ben Moeling, Reasons
1.4 (b) and (d)

11. (C) The December 2-6 visit of Canadian Prime Minister Stephen Harper to China, his first ever, was positive, productive and "set the right tone" in Canadian-Chinese relations, according to Canadian diplomats. While MFA officials concurred on the positive assessment of the visit, a PRC scholar suggested that, for China, the visit represented Canadian acknowledgement of the PRC's importance, thus paving the way for smoother bilateral relations. The two sides re-started the bilateral Strategic Working Group (dormant since the Dalai Lama's meeting with PM Harper in 2007), discussed natural resource investments, and the PRC granted Canada "Approved Destination Status," a step that would increase Chinese tourist flows to Canada. The visit also produced four MOUs covering several important issues. Canadian diplomats argued that media reports highlighting a testy exchange between PM Harper and Chinese Premier Wen Jiabao over the five-year hiatus since the previous visit of a Canadian PM had been "blown out of proportion."

Deliverables Achieved and Many Issues Discussed

12. (C) In a December 21 meeting with PolOff, Canadian Political Counselor Rachael Bedlington said one of the key outcomes of PM Harper's December 2-6 visit (which included stops in Beijing, Shanghai, and Hong Kong) was that the PRC had conferred on Canada "Approved Nation Status," allowing Chinese tour operators to organize tours in Canada. The two sides also agreed to restart the bilateral Strategic Working Group (SWG) established in 2005 but which had been dormant since 2007 due to the Canadian PM's meeting with the Dalai Lama. Bedlington explained the SWG consisted of three ministries from each country that would focus on the areas of trade and investment, environment and energy, health, and governance, including human rights. She said the two sides had discussed natural resource and investment opportunities in Canada and had initialed four MOUs on climate change, cultural cooperation, agricultural research and training, and mineral resources.

Human Rights and Non-Proliferation

13. (C) PM Harper had raised human rights concerns, including Tibet, in meetings with President Hu Jintao, Premier Wen Jiabao, and National People's Congress Chairman Wu Bangguo, Bedlington said. The two sides also discussed China's desire to play a more constructive role in non-proliferation efforts, primarily concerning Iran and North Korea.

14. (C) MFA Department of North American and Oceanian Affairs Oceania, Pacific Island and Canada Division Deputy Director Zhao Jian, at a December 9 readout to the Beijing diplomatic

corps, said the substance of PM Harper's visit could be divided into four main categories: bilateral relations; practical cooperation; people-to-people exchanges; and regional and international issues. While providing no specifics, Zhao admitted that the bilateral relationship had experienced "ups and downs" recently. Still, he said the PRC recognizes the two countries' common interests far outweigh their differences.

15. (C) Canadian Embassy's Trade Commissioner Colleen Calvert suggested in a December 11 meeting with EconOff that the "ups and downs" referred to the absence of a visit to Canada by China's Premier since 2005 and the absence of the Canadian Prime Minister from the Beijing Olympics. Calvert agreed that the visit was successful, but noted that two significant economic issues were not resolved during the visit. She said Canada raised the canola phytosanitary dispute, affecting USD 1.2 billion in Canadian canola exports (13% of Canada's total exports to China), but the issue remained unresolved. The Chinese had pushed for Canada to announce its approval of the Athabasca oil sands investment deal during the visit, Calvert said, but were unhappy with Canada's response that its political leaders were barred from intervening in foreign investment national security reviews.

More Visits Needed on Both Sides

16. (C) While acknowledging that the PRC viewed Harper's visit as long overdue, Bedlington dismissed the negative media accounts of the two leaders' exchange on the issue -- Wen "chided" PM Harper, "rebuked" him, and left the PM

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"stone-faced" --as completely "blown out of proportion." She reported that when Wen pointed out the five-year hiatus since a Canadian PM's previous visit to the PRC, PM Harper had politely retorted to Wen that President Hu Jintao's last visit to Canada had been in 2005, a long time as well. Nonetheless, both leaders agreed it had been too long a time, and stressed the need for more frequent visits, she said.

17. (C) Though concurring that media emphasis on the two leaders' exchange had been exaggerated, Beijing University Professor Wang Dong, in a December 21 meeting with PolOff, underscored that PRC dissatisfaction over the gap between visits was genuine. While offering no specifics, Wang observed that immediately after taking office in 2006, PM Harper had "displayed his dislike for China," so Wen's comments in front of the media were meant to prod Canada, and other nations, to respect China. Given the importance of the Chinese market to Canadian businesses, Wang speculated that the visit had been a political necessity for the Canadian PM. Whatever the Canadian PM's motive, for the PRC, Harper's visit was an acknowledgement that China was important, Wang explained, and thus would set bilateral relations on a positive course.

Moving in the Right Direction

18. (C) Canadian-Chinese relations would continue to move in the right direction, according to Professor Wang, arguing that the PRC, as compared to most Western nations, was "relational" in its dealings with foreign countries. China must first have "clarity" in knowing its relationship with another country prior to dealing with issues, according to Wang. Insofar as PM Harper's visit had helped clarify the nature of the bilateral relationship for the Chinese side, it helped clear the way for moving on to deal with actual issues, he said. For this reason alone, he argued, the visit could be seen as a success.

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